



BERBERICH TRAHAN & CO., P.A.

*Certified Public Accountants*

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

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BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2011

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Topeka Public Schools  
Unified School District No. 501:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the 2010 financial statements and, therefore the July 1, 2010 net asset balances, have been restated to reflect the changes as detailed in Note 1 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress on pages 3 through 12 and 55 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Berberich Trahan & Co., P.A.*

December 13, 2011

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Management’s Discussion and Analysis (MD&A) section of the Topeka Public Schools, Unified School District No. 501 (the District) financial report presents our discussion and analysis of the District’s financial performance during the year. The MD&A is intended to assist the reader in gaining a better understanding of how the various statements relate to each other and provide an objective and easily readable analysis of the District’s financial activities, based on currently known facts, decisions and conditions.

### **USING THIS GASB 34 BASED REPORT**

The District’s financial statement package for the fiscal year ended June 30, 2011 is made up of the Independent Auditor’s Report, this Management Discussion and Analysis (MD&A) (Unaudited), the Basic Financial Statements (Audited), and required supplementary information. These financial statements include all the accounts for which the District is considered to be financially responsible. The MD&A is intended to serve as an introduction to the District’s basic financial statements.

### **THE BASIC FINANCIAL STATEMENTS CONSIST OF THE FOLLOWING:**

- District-Wide Financial Statements
- Fund Financial Statements
- Agency Financial Statements

### **DISTRICT-WIDE FINANCIAL STATEMENTS:**

The District-wide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business. These statements take a much larger view of the District’s finances than do the fund-level statements.

The Statement of Net Assets presents information on all of the District’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District’s net assets changed during the last fiscal year.

The District-wide financial statements are presented using the economic resources measurement focus, which emphasizes the determination of net income and expense on the accrual basis of accounting, as are the accompanying proprietary fund statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds or business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of inter-fund activity has been eliminated from the District-wide financial statements. Exceptions to this rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## **FUND FINANCIAL STATEMENTS**

Governmental fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is an accounting device and considered to be a separate accounting entity, and is used to keep track of specific sources of funding and spending for a particular purpose. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Funds are used to ensure and demonstrate compliance with financial related legal requirements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means only current liabilities are generally included on their balance sheets. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

### **District's Major Governmental Funds:**

1. General Fund – Used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.
2. K-12 At-Risk Fund – Used to account for revenues and expenditures related to the education and services for at-risk children within the District.
3. Special Education Fund – Used to account for the revenues and expenditures related to the education and services for District's special needs programs.
4. Capital Outlay – Used to account for revenues that are primarily utilized for the acquisition, construction, repair, and remodeling of the District's buildings and facilities.

5. KPERS Fund – Used to account for the revenues and expenditures related to contributions to KPERS, a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901.

#### **District's Major Proprietary Funds—Business Type Activities:**

1. Textbook/Study Material Revolving—Receives money collected from the District's students for the rental of class textbooks. This rental income is used to purchase replacement textbooks and new textbooks whenever new textbook adoptions are implemented. Some textbook rental fees are waived based on the student's financial status. When this occurs the Board of education transfers funds from its General Fund to cover the cost of the waived fee, so that the integrity of the rental program is not affected.
2. Food Service – Established pursuant to state law to account for all monies received and expenses attributable to the District's breakfast and lunch programs.

#### **SUPPLEMENTAL FINANCIAL SCHEDULES:**

Kansas statutes require that each year the District must provide overseeing state agencies with an audited set of financial statements. Thus, the data presented in the District-wide and Fund financial statements is converted to the budget basis of accounting and provided as supplemental schedules.

Each individual school maintains its activity funds to handle funds raised and expended by its various student groups. These funds are held and controlled by the District for the purpose for which they were raised. Separate supplemental financial statements covering these funds are included in the packet of financial statements.

A separate schedule on federal grants received by the District is also included to assist those outside the District in monitoring the proper handling of grants awarded to the District.

#### **FINANCIAL STATEMENTS ANALYSIS:**

As noted earlier, net assets may serve over time as a useful indicator of a governmental organization's financial position. In the case of the District, governmental activities' assets exceeded liabilities by \$84,091,064 at the close of the most recent fiscal year; business type activities' assets exceeded liabilities by \$5,419,337 at the close of the most recent fiscal year. For both types of activities combined, the District's net assets increased by \$8,379,099.

The noncurrent portion of the District's total assets, net of depreciation, (59.2%, down 1.4% from fiscal year 2010) reflects its investment in capital assets (e.g., land, buildings and equipment), minus any related debt used to acquire those assets that are still outstanding and accumulated depreciation. The change reflects the retiring of bonded debt while normal depreciation reduced the District's net value of its depreciable assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

**TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current assets						
Cash and investments	\$ 50,906,986	\$ 43,095,923	\$ 5,293,403	\$ 5,548,318	\$ 56,200,389	\$ 48,644,241
Restricted cash and investments		-	-	-	-	-
Other	10,053,643	12,969,450	609,386	582,213	10,663,029	13,551,663
Total current assets	60,960,629	56,065,373	5,902,789	6,130,531	66,863,418	62,195,904
Noncurrent assets						
Capital assets, net	88,216,785	85,556,755	1,250,198	1,281,492	89,466,983	86,838,247
Other noncurrent assets	190,350	254,014	-	-	190,350	254,014
Total noncurrent assets	88,407,135	85,810,769	1,250,198	1,281,492	89,657,333	87,092,261
Total assets	149,367,764	141,876,142	7,152,987	7,412,023	156,520,751	149,288,165
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued liabilities	10,485,904	10,688,977	1,733,650	620,821	12,219,554	11,309,798
Accrued interest payable	681,395	796,246	-	-	681,395	796,246
General obligation bonds payable, current portion	5,085,000	4,710,000	-	-	5,085,000	4,710,000
Other current liabilities	6,859,523	6,552,267	-	-	6,859,523	6,552,267
Total current liabilities	23,111,822	22,747,490	1,733,650	620,821	24,845,472	23,368,311
Noncurrent liabilities						
General obligation bonds payable, net	28,385,989	33,650,097	-	-	28,385,989	33,650,097
Accrued compensated absences	1,562,764	1,446,307	-	-	1,562,764	1,446,307
Land note payable	998,944	1,703,449	-	-	998,944	1,703,449
Post employment benefits payable	11,217,181	9,760,341	-	-	11,217,181	9,760,341
Total noncurrent liabilities	42,164,878	46,560,194	-	-	42,164,878	46,560,194
Total liabilities	65,276,700	69,307,684	1,733,650	620,821	67,010,350	69,928,505
<b>Net assets</b>						
Invested in capital assets, net of related debt	53,535,907	45,307,225	1,250,198	1,281,492	54,786,105	46,588,717
Restricted	5,956,126	22,579,042	-	-	5,956,126	22,579,042
Unrestricted	24,599,031	4,682,191	4,169,139	5,509,710	28,768,170	10,191,901
Total net assets	\$ 84,091,064	\$ 72,568,458	\$ 5,419,337	\$ 6,791,202	\$ 89,510,401	\$ 79,359,660

**TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,518,813	\$ 1,626,008	\$ 2,042,319	\$ 2,195,370	\$ 3,561,132	\$ 3,821,378
Federal grants	25,189,227	27,508,679	5,784,432	5,021,401	30,973,659	32,530,080
Other grants and contributions	9,936,478	7,787,006	553,090	-	10,489,568	7,787,006
General revenues:						
Property taxes	33,255,112	33,151,469	-	-	33,255,112	33,151,469
State aid	92,807,938	88,458,482	73,199	237,790	92,881,137	88,696,272
Other revenue from local sources	1,046,897	874,132	182	5,163	1,047,079	879,295
Interest and investment earnings	71,604	292,275	5,331	30,424	76,935	322,699
Miscellaneous	51,404	38,419	-	-	51,404	38,419
Total revenues	<u>163,877,473</u>	<u>159,736,470</u>	<u>8,458,553</u>	<u>7,490,148</u>	<u>172,336,026</u>	<u>167,226,618</u>
Expenses:						
Instruction	98,627,251	99,853,538	-	-	98,627,251	99,853,538
Instructional support	3,137,353	3,741,488	-	-	3,137,353	3,741,488
Student support	13,127,814	11,334,027	-	-	13,127,814	11,334,027
General administration	2,176,986	2,333,513	-	-	2,176,986	2,333,513
School administration	8,562,664	9,646,135	-	-	8,562,664	9,646,135
Business support	1,771,383	2,637,642	-	-	1,771,383	2,637,642
Plant and maintenance	15,195,755	15,510,782	-	-	15,195,755	15,510,782
Transportation	3,493,506	3,316,588	-	-	3,493,506	3,316,588
Central support services	5,214,403	5,623,281	-	-	5,214,403	5,623,281
Other support	164,392	199,977	-	-	164,392	199,977
Student activities	986,770	1,054,323	-	-	986,770	1,054,323
Risk management	-	-	-	-	-	-
Interest on long-term debt	1,603,224	1,877,559	-	-	1,603,224	1,877,559
Vocational School	-	-	2,566,050	994,585	2,566,050	994,585
Food Service	-	-	6,950,288	6,580,341	6,950,288	6,580,341
Other business-type activities	-	-	379,088	176,507	379,088	176,507
Total expenses	<u>154,061,501</u>	<u>157,128,853</u>	<u>9,895,426</u>	<u>7,751,433</u>	<u>163,956,927</u>	<u>164,880,286</u>
Increase (decrease) in net assets before transfers	9,815,972	2,607,617	(1,436,873)	(261,285)	8,379,099	2,346,332
Transfers	<u>(65,008)</u>	<u>(315,179)</u>	<u>65,008</u>	<u>315,179</u>	<u>-</u>	<u>-</u>
Change in net assets	9,750,964	2,292,438	(1,371,865)	53,894	8,379,099	2,346,332
Net assets, beginning as previously stated	72,568,458	70,276,020	6,791,202	6,737,308	79,359,660	77,013,328
Prior period adjustment	<u>1,771,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,771,642</u>	<u>-</u>
Net assets, beginning as restated	74,340,100	70,276,020	6,791,202	6,737,308	81,131,302	77,013,328
Net assets, ending	<u>\$ 84,091,064</u>	<u>\$ 72,568,458</u>	<u>\$ 5,419,337</u>	<u>\$ 6,791,202</u>	<u>\$ 89,510,401</u>	<u>\$ 79,359,660</u>

- The District's total assets (net of depreciation) increased by \$7,232,586 (4.8%) during 2011. This increase in assets comes on the heels of a \$1,766,226 increase last year. Current assets increased by \$4,667,514. This year's change reflects the actions taken by the District in dealing with and preparing for reduced and unstable/reliable funding in the future. The District's cash and investments grew \$7,556,148 as a result of this year's activity. The large increase in cash and investments reflects the District's efforts to reduce spending where ever possible and save the funds to assist in the construction of the two new building additions that are required due to school consolidation. Construction on the additions began late in FY-2011. The two projects costing in the neighborhood of \$11,000,000 will be completed and paid for out of the District's reserves, from savings in FY-2011 and by a very slight increase in the capital outlay mill levy.

2. The District's non-current liabilities decreased \$4,395,316 during the year ended June 30, 2011. This reflects the maturing of some outstanding bonded debt. The year-end balance of \$33,100,000 in long-term bonded debt was 5.3% of the District's assessed valuation. Kansas Statutes set a debt limit for school districts at 14% of the district's assessed valuation. To issue bonds for more than the 14% limit requires approval from the State Board of Education. Thus, USD 501 had over \$55,740,000 of long-term debt authority available and unused as of year-end June 30, 2011. Please refer to the notes to financial statements for additional information on long-term debt.
3. Total liabilities decreased by \$2,918,155 (4.2%). This reflects the aggressive scheduled retirement of general obligation bonds. The District's Post Retirement Benefits liability increased \$1,456,840. That increase partially offset the effect of the bonded debt reduction. The increase in the Post Retirement Benefits Liability reflects the District's continued early retirement program design to address on-going budget cuts.
4. Combined current and non-current accrued compensated absences increased from \$2,483,273 in 2010 to \$2,532,071 at year ended June 30, 2011. This reflects the continued downsizing/early retirement initiatives undertaken in FY-2010.
5. The District's Total-Debt-to-Total-Assets ratio for 2011 is 42.8% (down 4%), which means the District's debt represents about 43% of its total assets. This would indicate that the District financed a large portion of their asset acquisitions from current operations rather than via debt.
6. The District's Bonded-Debt-To-Capital Assets ratio on June 30, 2011 was 36.9%. Thus, the District's Capital assets-net of depreciation was 2.7 times the bonded debt of the District. The District's adopted aggressive bond/long-term debt repayment scheme continues to reduce the outstanding debt at a rate well in excess of the rate of depreciation applied to the District's capital assets. The retirement of \$4,700,000 in bonded debt during the year resulted in the Bonded-Debt-To-Capital Assets Ratio dropping 7.2%., from 44.1% on June 30, 2010.
7. The Statement of Activities provides some detail into the \$8,379,099 increase in net assets the District saw in 2011. The District saw its revenues increase \$5,109,408. This increase was due to increased funding in the form of State aid of \$4,184,865 and a slight increase in property tax collections of \$103,643. As the nation's interest rates and other returns on investments fell last year, so did the District's revenue from interest on investments, it decreased by \$245,764 or 76.2% to \$76,935. The District was able to sustain a positive increase in net asset by reducing its expenses by \$923,359 (0.56%) from \$164,880,286 in FY-2010 to 163,956,927 in FY-2011.
8. Revenue from property taxes increased 0.3% and yielded \$103,643 more tax revenue than in 2010. The increase can be attributed to the District lowering its mill levy by 0.128 mills, while experiencing an offsetting increase in assessed valuation.
9. The District's Current Ratio improved from 2.66 in 2010 to 2.69 in 2011. Since the current ratio is a measure of an entity's ability to meet its current obligations on time and to have funds readily available for current operations, this is a positive trend and the current ratio of 2.69 is very good.



10. Another ratio similar to the current ratio is the “quick ratio”. This ratio is similar to the current ratio but focuses more on cash and cash equivalents for the satisfaction of maturing debt. The District’s quick ratio improved from 2.08 in 2010 to 2.26 in 2011. The ratio indicates the District has cash or cash equivalents (not inventory) in excess of the amount needed to pay its currently maturing liabilities (2.26 times the amount). The slight increase reflects the District’s decision to hold more of its liquid assets in short term investment as it awaits growth in the long term market.

#### Fund Financial Statement Analysis

1. General: Budget Authority granted the General Fund is based only on a district’s “full time equivalent” (F.T.E.) student count. For FY-2011 the District’s F.T.E. count was 22,721.9. Initially Kansas school districts saw a 1.35% funding increase as the legislature increased the Base State Aid Per Pupil amount increasing from \$4,374 per F.T.E. to \$4,433 per F.T.E.-- from FY-2008 to FY-2009. However, as the national financial crisis hit Kansas during the 2009 legislative session the BSAPP amount was reduced to \$4,400. This still resulted in an increase in budget authority for the District of \$565,029. For FY-2010 budgets were initially prepared and the school year started with the Base State Aid Per Pupil set at \$4,218. In December the State’s economy forced the rate to fall \$206 per FTE to \$4,012. The net result was that the District had to conduct its operations with \$206 less per FTE than it planned and started the year with, for a total General Fund budget authority reduction of \$5,565,926. The District based its FY-2011 budget on a base state aid per pupil of \$4,012. In the middle of the budget year, the Governor directed that school district budget authority be reduced by \$75 to a base state aid per pupil of \$3,937. This resulted in a reduction in General Fund budget authority of \$1,704,143.

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for FY-2011. This adoption resulted in the Supplemental General Fund, Inservice Education Fund, Summer School Fund, Pepsi Exclusivity Fund, Internal Service Reserve Fund, Sports Part Operations Fund, Payroll Liability Clearing Fund, Self-Insurance Reserve Fund, Risk Management Fund, and the Contingency Reserve Fund being combined with the General Fund on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. General Fund combining schedules are provided at the end of the financial statements.

Supplemental General Fund: The Kansas Legislature in 2006 increased the maximum level of budget authority in school districts’ Supplemental General Funds from 27% of the General Fund to 31% of the general Fund. This District’s Supplemental General Fund remained at the same 30% rate for FY-2011 that it utilized in FY-2008. Being 1% below the maximum allowed acts as a reserve for the District and would enable it to expand its budgets by over a total of \$900,000 if the need would ever arise. With the reduction in the Base State Aid Per Pupil in the General Fund, a flow through reduction to the Supplemental General Fund was avoided when the legislature allowed districts to base their Supplemental General Fund budget authority on a calculated General Fund amount calculated using the original \$4,433 Base State Aid Per Pupil.

2. K-12 AT-RISK Fund: During Fiscal Year 2011 the interpretation of what the proper utilization was for funds in the K-12 At-Risk fund were clarified in such a way that the District was required to transfer employee compensation expenses for its counselor from the K-12 At-Risk fund back to the General Fund. Since the K-12 At-Risk fund allows for the carrying over of unused funds from one fiscal year to another, the unused budget authority was allowed to remain in the fund for use in future years. This action is reflected in the \$1,861,245 fund balance at year's end.
3. KPERS Special Retirement Contribution Fund: This fund was created when the legislature wanted to reflect on each school district's financials the cost of paying the employer's portion of the retirement contribution. In FY-2010 this fund normally has a zero balance at the end of the fiscal year. Due to the tight financial/cash flow problems facing the State of Kansas in June 2011, as was the case in FY-2010, the transfer of the 2<sup>nd</sup> quarter KPERS funds (into the District's books and then immediately back out to KPERS) was deferred until after the close of the fiscal year. Thus, the District needed to record a receivable of \$1,819,022 in its books at the close of the year.
4. Special Education Fund: The State of Kansas increased funding for Special Education services for Fiscal Year 2011. Even with the increase the District was still required to transfer an additional \$1,580,000 from its Supplemental General Fund to the Special Education Fund to cover the costs associated with providing the required services. In late FY-2011, the District transferred an additional \$3,097,689 from the Supplemental General Fund to the Special Education Fund in an effort to re-establish the needed carryover balance.
5. Capital Outlay Fund: The District's mill levy to support the operations of the Capital Outlay Fund was decreased from 6.687 mills to 4.753 mills in Fiscal Year 2011. The fund's revenue stream was enhanced as a result of a legislature in 2008 creating a state aid program to assist Kansas school districts in addressing their maintenance and repair needs. This District received \$1,243,197 in this type of assistance from the State. The Capital Improvement State Aid was repealed in 2009 and will not be available for the FY-2011 budget year. Thus the need for an increase in the mill levy. Because of the severe economic conditions facing the District's taxpayers, the Board of Education decided to tighten its belt even more and voted to reduce the capital outlay mill levy. The largest projects paid for by the Capital Outlay Fund completed this year were \$249,200 for lighting at Highland Park High, \$312,300 for video surveillance at Highland Park High, \$483,000 for window replacement at Highland Park High, \$206,600 for parking lot lights at Topeka High, \$629,800 for video surveillance at Topeka High, \$205,400 for roof replacement at Topeka High, \$107,400 for fire alarm strobes at Topeka West High, \$236,000 for parking lot lights at Topeka West High, \$184,000 to resurface the track at Topeka West High, \$403,100 for video surveillance at Topeka West High, \$137,900 for a boiler replacement at Eisenhower Middle School, \$263,600 for roof and sky light replacement at McEacheron Elementary School, \$397,400 for a classroom addition at Ross Elementary, \$106,000 for carpet replacement at Scott Elementary School, and \$253,200 for modular classrooms at State Street Elementary.

6. Textbook Revolving Fund: The year-end balance in the Textbook Rental/Study Material Revolving Fund reversed its trend and fell. On June 30<sup>th</sup> 2010 the Fund's balance reached \$3,434,188. This large balance is a normal part of this fund's management. Textbooks are purchased on a 7 year adoption cycle. In some years the scheduled adoption costs only a few hundred thousand dollars. However, the massive literature adoption ran more than \$3,000,000 – six years ago. Thus, the need to accumulate at least that amount in anticipation of that adoption's return during FY-2011. The net result was a decrease in ending balance of \$1,587,874 to \$1,846,314
7. Food Service Fund: The District's Food Service operation finished the year with net gain of \$60,989. Over 72% of the Fund's student customers are eligible for free or reduced cost meals. The United States Department of Agriculture reimbursed the District \$2.9475 for every free meal provided. The State of Kansas also reimburses the food service fund \$.035 for all meals served. As long as the District's food service staff can keep the cost per meal below \$2.98 the District should be able to show an annual gain from its food service operation.

#### Budgetary Highlights

1. The District in FY-2011 initially saw its total state budgeted amount for all funds fall from \$241,204,368 in FY-2010 to \$238,131,975 in FY-2011 for a \$3,072,393 decrease. A \$4,184,762 increase in the Special Education budget more than offset the decrease in the general fund. However, reductions in other funds, the mid-year budget reduction directed by the Governor's office and the adjustments triggered by the annual state audit resulted in the District's FY-2011 total budget authority to be \$3,824,505 less than FY-2010 or only \$237,011,208.
2. Of the \$238,131,975 originally budgeted, after the mid-year adjustment; \$224,744,297 was actually expended during FY-2011. The Capital Outlay fund carried forward \$8,811,160 in unused funds as part of its normal reserve. That carryover amount was down \$2,100,314 from FY-2010. The District's Food Service program finished the year with cash reserve of \$2,058,509 which was planned for/needed to fund the startup costs for the following year. Also, the District's Special Education Fund had a \$10,895,602 cash balance carry forward at year's end. This fills the need for a budgeted contingency/reserve amount to carry the fund until the next year's funding starts to arrive in October. Funding for the Special Education programs starts to arrive in October but the vast majority of this program's funding comes after the first of January.
3. The General fund and Supplemental General Funds were initially budgeted for \$90,575,313 and \$30,007,296, respectively. After the adoption of the budget the Basis State Aid Per Pupil was reduced from \$4,012 to \$3,937 per F.T.E. The annual State audit of the District's enrollment count resulted in an increase in F.T.E.s. These two changes netted together resulted in a slight increase in the General Fund's "Authorized Legal Max". This caused the General Fund's budget to increase to \$91,468,553 (up \$893,240). The audit adjustment and the reduced General Fund Budget did not have a flow through impact on the Supplemental General Fund because budget authority was allowed to remain based on the original \$4,433 Base State Aid Per Pupil (\$4433). However, the Supplement General Funds budget authorization did not change since an increase would require an additional mill levy.

### Capital Assets and Debt Administration

1. The District decreased its long-term bonded debt load by \$4,710,000 during FY-2011. \$33,100,000 of bonded debt remains.
2. During FY-2011 the District made its first payment to the State of Kansas for the purchase of the State Hospital Grounds. 100% of the payment came from the Pepsi Exclusivity Fund. The funds used for the payment came from the yearly exclusivity payment and commissions received on sales from Pepsi-Cola of Topeka. Not one penny of tax dollars was used to pay for this land purchase.
3. During FY-2009 the District acquired 152.3 acres of the former state hospital grounds, also known as the Kansa Technology Park, from the State of Kansas. Purchase price was \$2,250,000 or \$14,773 per acre. After a payment of \$180,000 at time of closing, \$2,070,000 of long-term debt was added to the District's balance sheet. This amount was further reduced by \$180,567.15 to \$1,889,432 during FY-2010 when the District made its annual payment of \$242,667.15. In FY-2011, the debt was reduced further to \$1,209,889 with the District making an annual \$242,667.15 payment plus an additional \$500,000 payment that enabled the District to sell a small piece of the property to Westar Energy with a clean title.

As noted above, the District expended money on several capital projects during the year. Please refer to the notes to the financial statements for information on capital assets.

This financial report is designed to provide a general overview of U.S.D. 501's finances for all those with an interest in District finances. Questions concerning any of the information provided in this report to requests for information should be addressed to the General Director of Fiscal Services, 624 SW 24<sup>th</sup> Street, Topeka, Kansas 66611-1294.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 50,906,986	\$ 5,293,403	\$ 56,200,389
Due from other governmental units	873,735	-	873,735
Accrued interest receivable	6,225	-	6,225
State aid receivables	9,039,222	-	9,039,222
Internal balances	(31,228)	31,228	-
Inventory of materials and supplies	165,689	578,158	743,847
Total current assets	60,960,629	5,902,789	66,863,418
Noncurrent assets:			
Capital assets not being depreciated	7,540,565	-	7,540,565
Capital assets, net of accumulated depreciation	80,676,220	1,250,198	81,926,418
Other noncurrent assets, net	190,350	-	190,350
Total noncurrent assets	88,407,135	1,250,198	89,657,333
Total assets	149,367,764	7,152,987	156,520,751
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	10,485,904	1,733,650	12,219,554
Accrued interest payable	681,395	-	681,395
Estimated insurance claims	483,477	-	483,477
Payroll liabilities	4,719,203	-	4,719,203
Unearned revenue	476,591	-	476,591
General obligation bonds payable, current portion	5,085,000	-	5,085,000
Accrued compensated absences	969,307	-	969,307
Mortgage note payable, current portion	210,945	-	210,945
Total current liabilities	23,111,822	1,733,650	24,845,472
Noncurrent liabilities:			
General obligation bonds payable, net	28,385,989	-	28,385,989
Accrued compensated absences	1,562,764	-	1,562,764
Mortgage note payable	998,944	-	998,944
Postemployment benefits payable	11,217,181	-	11,217,181
Total noncurrent liabilities	42,164,878	-	42,164,878
Total liabilities	65,276,700	1,733,650	67,010,350
Net assets:			
Invested in capital assets, net of related debt	53,535,907	1,250,198	54,786,105
Restricted for:			
Debt service	2,825,083	-	2,825,083
Other	3,131,043	-	3,131,043
Unrestricted	24,599,031	4,169,139	28,768,170
Total net assets	\$ 84,091,064	\$ 5,419,337	\$ 89,510,401

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants		Governmental Activities	Business-type Activities	Total
			Federal Grants	Other Grants and Contributions			
Governmental activities:							
Instruction	\$ 98,627,251	\$ 1,518,813	\$ 25,189,227	\$ 9,936,478	\$ (61,982,733)		\$ (61,982,733)
Instructional support	3,137,353	-	-	-	(3,137,353)		(3,137,353)
Student support	13,127,814	-	-	-	(13,127,814)		(13,127,814)
General administration	2,176,986	-	-	-	(2,176,986)		(2,176,986)
School administration	8,562,664	-	-	-	(8,562,664)		(8,562,664)
Business support	1,771,383	-	-	-	(1,771,383)		(1,771,383)
Plant and maintenance	15,195,755	-	-	-	(15,195,755)		(15,195,755)
Transportation	3,493,506	-	-	-	(3,493,506)		(3,493,506)
Central support services	5,214,403	-	-	-	(5,214,403)		(5,214,403)
Other support	164,392	-	-	-	(164,392)		(164,392)
Student activities	986,770	-	-	-	(986,770)		(986,770)
Interest on long-term debt	1,603,224	-	-	-	(1,603,224)		(1,603,224)
Total governmental activities	154,061,501	1,518,813	25,189,227	9,936,478	(117,416,983)		(117,416,983)
Business-type activities:							
Textbook/study material	2,566,050	907,839	-	-		\$ (1,658,211)	(1,658,211)
Food service	6,950,288	1,134,480	5,784,432	-		(31,376)	(31,376)
Other business-type activities	379,088	-	-	553,090		174,002	174,002
Total business-type activities	9,895,426	2,042,319	5,784,432	553,090		(1,515,585)	(1,515,585)
Total district (forward)	\$ 163,956,927	\$ 3,561,132	\$ 30,973,659	\$ 10,489,568	\$ (117,416,983)	\$ (1,515,585)	\$ (118,932,568)

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES  
(Continued)

Year Ended June 30, 2011

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Net (expense) revenue and changes in net assets brought forward	\$ (117,416,983)	\$ (1,515,585)	\$ (118,932,568)
General revenues:			
Property taxes	33,255,112	-	33,255,112
State aid	92,807,938	73,199	92,881,137
Other revenue from local sources	1,046,897	182	1,047,079
Interest and investment earnings	71,604	5,331	76,935
Gain on sale of capital assets	51,404	-	51,404
Transfers, net	(65,008)	65,008	-
Total general revenues and transfers	127,167,947	143,720	127,311,667
Change in net assets	9,750,964	(1,371,865)	8,379,099
Net assets, beginning of year as previously stated	72,568,458	6,791,202	79,359,660
Prior period adjustment	1,771,642	-	1,771,642
Net assets, beginning of year as restated	74,340,100	6,791,202	81,131,302
Net assets, end of year	\$ 84,091,064	\$ 5,419,337	\$ 89,510,401

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2011

	<u>General*</u>
<u>ASSETS</u>	
Cash and investments	\$ 13,737,645
Due from other governmental units	-
Accrued interest receivable	-
State aid receivables	6,995,500
Inventory of materials and supplies	165,689
Total assets	<u>\$ 20,898,834</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,781,620
Payroll liabilities	4,719,203
Deferred revenue	124,438
Total liabilities	<u>7,625,261</u>
Fund balances:	
Nonspendable:	
Inventories	165,689
Restricted	-
Assigned	5,068,047
Unassigned	8,039,837
Total fund balances	<u>13,273,573</u>
Total liabilities and fund balances	<u>\$ 20,898,834</u>

\* See the General Fund Combining Balance Sheet on pages 81-82.

See accompanying notes to financial statements.



K-12 At-Risk	Special Education	Capital Outlay	KPERS	Other Governmental Funds	Total Governmental Funds
\$ 3,201,005	\$ 10,895,602	\$ 13,207,276	\$ -	\$ 7,193,937	\$ 48,235,465
-	-	-	-	873,735	873,735
-	-	6,225	-	-	6,225
-	-	-	1,819,022	224,700	9,039,222
-	-	-	-	-	165,689
<u>\$ 3,201,005</u>	<u>\$ 10,895,602</u>	<u>\$ 13,213,501</u>	<u>\$ 1,819,022</u>	<u>\$ 8,292,372</u>	<u>\$ 58,320,336</u>
\$ 1,339,760	\$ 1,270,284	\$ 1,738,664	\$ 1,819,022	\$ 1,536,554	\$ 10,485,904
-	-	-	-	-	4,719,203
-	-	-	-	352,153	476,591
<u>1,339,760</u>	<u>1,270,284</u>	<u>1,738,664</u>	<u>1,819,022</u>	<u>1,888,707</u>	<u>15,681,698</u>
-	-	-	-	-	165,689
926,951	-	-	-	5,710,570	6,637,521
934,294	9,625,318	11,474,837	-	693,095	27,795,591
-	-	-	-	-	8,039,837
<u>1,861,245</u>	<u>9,625,318</u>	<u>11,474,837</u>	<u>-</u>	<u>6,403,665</u>	<u>42,638,638</u>
<u>\$ 3,201,005</u>	<u>\$ 10,895,602</u>	<u>\$ 13,213,501</u>	<u>\$ 1,819,022</u>	<u>\$ 8,292,372</u>	<u>\$ 58,320,336</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances - governmental funds	\$ 42,638,638
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$187,941,326 and the accumulated depreciation is \$ 99,724,541.	88,216,785
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Unamortized bond issue costs, net of accumulated amortization, are not financial resources and therefore are not reported as assets in governmental funds.	190,350
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Internal service funds are used by the District to charge the costs of dental insurance, worker's compensation and prescription drugs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,156,816
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Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at June 30, 2011 are:

General obligation bonds payable	\$ (33,100,000)	
Deferred charge on refunding	423,186	
Unamortized bond premium	(794,175)	
Mortgage note payable	(1,209,889)	
Accrued interest payable	(681,395)	
Accrued compensated absences (sick pay and vacation)	(2,532,071)	
Post employment benefits	(11,217,181)	(49,111,525)
	<hr/>	<hr/>

Total net assets - governmental activities	<u>\$ 84,091,064</u>
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See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	General*
Revenues:	
Property taxes	\$ 25,946,663
Local sources	83,143
Charges for services	331,673
State aid	55,123,069
Federal aid	4,436,210
Interest	6,817
On behalf payments:	
KPERS	-
Miscellaneous	663,370
	<hr/>
Total revenues	86,590,945
	<hr/>
Expenditures:	
Instruction	31,468,379
Student support	4,354,984
Instructional support	3,010,875
General administration	1,754,099
School administration	7,404,137
Business support	2,075,999
Plant and maintenance	10,347,339
Transportation	1,415,106
Central support services	4,079,587
Other support	164,392
Student activities	17,910
On behalf expenditures:	
KPERS	-
Debt service:	
Principal	-
Interest	-
Facilities acquisition and construction	3,600
	<hr/>
Total expenditures	66,096,407
	<hr/>
Excess (deficiency) of revenues over expenditures	20,494,538
Other financing sources (uses):	
Transfers in	-
Transfers out	(18,149,288)
Sale of capital assets	-
Insurance reimbursements	-
	<hr/>
Net change in fund balances	2,345,250
Fund balance, beginning of year	10,928,323
	<hr/>
Fund balance, end of year	\$ 13,273,573
	<hr/>

\* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on pages 83-84.

See accompanying notes to financial statements.

At-Risk K-12	Special Education	Capital Outlay	KPERS	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,330,317	\$ -	\$ 3,978,132	\$ 33,255,112
-	-	133,950	-	829,804	1,046,897
-	517	26,665	-	1,073,699	1,432,554
18,983,338	13,516,477	-	-	5,185,054	92,807,938
-	6,475,030	-	-	14,277,987	25,189,227
-	-	53,705	-	4,177	64,699
-	-	-	7,764,891	-	7,764,891
-	-	5,115	-	60,000	728,485
18,983,338	19,992,024	3,549,752	7,764,891	25,408,853	162,289,803
17,964,400	21,076,719	11,279	-	15,219,660	85,740,437
3,588	4,647,874	-	-	4,075,770	13,082,216
-	7,301	-	-	88,799	3,106,975
-	-	-	-	418,011	2,172,110
88,629	840,773	-	-	39,196	8,372,735
-	2,488	(526,331)	-	210,342	1,762,498
-	328,755	3,693,996	-	241,105	14,611,195
-	1,469,432	-	-	607,439	3,491,977
-	-	2,503,116	-	314,131	6,896,834
-	-	-	-	-	164,392
-	-	-	-	968,860	986,770
-	-	-	7,764,891	-	7,764,891
-	-	679,544	-	4,710,000	5,389,544
-	-	63,123	-	1,770,396	1,833,519
-	-	2,087,638	-	67,549	2,158,787
18,056,617	28,373,342	8,512,365	7,764,891	28,731,258	157,534,880
926,721	(8,381,318)	(4,962,613)	-	(3,322,405)	4,754,923
88,401	12,373,207	2,287,174	-	3,363,481	18,112,263
-	-	-	-	(27,983)	(18,177,271)
-	-	468,818	-	-	468,818
-	-	44,566	-	-	44,566
1,015,122	3,991,889	(2,162,055)	-	13,093	5,203,299
846,123	5,633,429	13,636,892	-	6,390,572	37,435,339
\$ 1,861,245	\$ 9,625,318	\$ 11,474,837	\$ -	\$ 6,403,665	\$ 42,638,638

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Net change in fund balances - governmental funds		\$ 5,203,299
The change in net assets reported for governmental activities in the statement of activities is different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$4,461,033) is greater than capital outlays (\$4,323,733).		
		(137,300)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets.		
		1,025,687
Bond proceeds and premiums are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Repayments:		
General obligation bonds	\$ 4,710,000	
Land note payable	<u>679,544</u>	5,389,544
Governmental funds report the effect of issue costs, premiums, discounts and similar items when debt is issued. These amounts are deferred and amortized in the statement of activities.		
		115,444
Internal service funds are used by the District to charge the costs of prescription drug plans, dental insurance and worker's compensation insurance to individual funds.		
		(455,023)
Due to the difference between accrual and modified accrual basis of accounting some expenses recorded in the statement of activities are recorded in different periods in the governmental funds. These expenses include compensated absences, other post employment benefits, and accrued interest payable.		
		<u>(1,390,687)</u>
Change in net assets of governmental activities		<u><u>\$ 9,750,964</u></u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2011

	<u>Textbook/Study Material Revolving</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 3,087,451
Inventory of supplies and materials, at cost	<u>367,172</u>
Total current assets	3,454,623
Noncurrent assets:	
Furniture, fixtures and equipment	-
Less accumulated depreciation	<u>-</u>
Total assets	<u><u>\$ 3,454,623</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 1,608,309
Estimated insurance claims	<u>-</u>
Total liabilities	<u>1,608,309</u>
Net assets:	
Invested in capital assets	-
Unrestricted	<u>1,846,314</u>
Total net assets	<u>1,846,314</u>
Total liabilities and net assets	<u><u>\$ 3,454,623</u></u>

See accompanying notes to financial statements.

Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 2,058,509	\$ 147,443	\$ 5,293,403	\$ 2,671,521
210,986	-	578,158	-
2,269,495	147,443	5,871,561	2,671,521
3,115,530	13,277	3,128,807	-
(1,865,332)	(13,277)	(1,878,609)	-
\$ 3,519,693	\$ 147,443	\$ 7,121,759	\$ 2,671,521
\$ 14,139	\$ 111,202	\$ 1,733,650	\$ -
-	-	-	483,477
14,139	111,202	1,733,650	483,477
1,250,198	-	1,250,198	-
2,255,356	36,241	4,137,911	2,188,044
3,505,554	36,241	5,388,109	2,188,044
\$ 3,519,693	\$ 147,443		\$ 2,671,521
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		31,228	
Net assets of business-type activities		\$ 5,419,337	

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

Year Ended June 30, 2011

	Textbook/Study Material Revolving
Operating revenues:	
Charges for services	\$ 907,839
Other	-
Total operating revenues	<u>907,839</u>
Operating expenses:	
Instruction	2,565,780
Student support services	-
Instructional support	-
Business support	46
Central support services	-
Plant and maintenance	-
Transportation	-
Depreciation	-
Food service support	-
Other	226
Total operating expenses	<u>2,566,052</u>
Operating income (loss)	<u>(1,658,213)</u>
Nonoperating revenues (expenses):	
Interest	5,331
State grants	-
Federal grants	-
Total nonoperating revenues (expenses)	<u>5,331</u>
Income (loss) before transfers	(1,652,882)
Transfers in	<u>65,008</u>
Change in net assets	(1,587,874)
Net assets, beginning of year	<u>3,434,188</u>
Net assets, end of year	<u><u>\$ 1,846,314</u></u>

See accompanying notes to financial statements.



Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 1,134,480	\$ -	\$ 2,042,319	\$ 4,937,807
183	553,090	553,273	86,259
1,134,663	553,090	2,595,592	5,024,066
-	209,055	2,774,835	-
6,660	99,248	105,908	-
-	37,404	37,404	-
192,408	(22,039)	170,415	136,201
-	-	-	5,368,775
75,518	55,420	130,938	-
5,331	-	5,331	-
150,886	-	150,886	-
6,500,502	-	6,500,502	-
-	-	226	-
6,931,305	379,088	9,876,445	5,504,976
(5,796,642)	174,002	(7,280,853)	(480,910)
-	-	5,331	6,904
73,199	-	73,199	-
5,784,432	-	5,784,432	-
5,857,631	-	5,862,962	6,904
60,989	174,002	(1,417,891)	(474,006)
-	-	65,008	-
60,989	174,002	(1,352,883)	(474,006)
3,444,565	(137,761)		2,662,050
\$ 3,505,554	\$ 36,241		\$ 2,188,044
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(18,982)	
Change in net assets of business-type activities		\$ (1,371,865)	

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended June 30, 2011

	<u>Textbook/Study Material Revolving</u>
Cash flows from operating activities:	
Received from user charges	\$ 907,839
Received from other sources	-
Payments to employees for services	-
Payments to suppliers for goods and services	(1,370,499)
Net cash provided by (used in) operating activities	<u>(462,660)</u>
Cash flows from noncapital financing activities:	
Nonoperating grants received	-
Transfers from other funds	65,008
Net cash provided by noncapital financing activities	<u>65,008</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	-
Cash flows from investing activities:	
Interest received	5,331
Net increase (decrease) in cash and cash equivalents	(392,321)
Cash and cash equivalents, beginning	3,479,772
Cash and cash equivalents, ending	<u>\$ 3,087,451</u>
Reconciliation of operating income (loss) to net cash provided by (used in)	
operating activities:	
Operating income (loss)	\$ (1,658,213)
Adjustments to reconcile operating income (loss) to net cash provided by (used in)	
operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Inventory of supplies	(39,087)
Accounts payable	1,234,640
Estimated insurance claims	-
Net cash provided by (used in) operating activities	<u>\$ (462,660)</u>

See accompanying notes to financial statements.

Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 1,134,480	\$ -	\$ 2,042,319	\$ 4,937,807
183	553,090	553,273	86,259
(2,701,677)	-	(2,701,677)	(4,422,655)
(4,084,530)	(502,179)	(5,957,208)	(926,324)
(5,651,544)	50,911	(6,063,293)	(324,913)
5,857,631	-	5,857,631	-
-	-	65,008	-
5,857,631	-	5,922,639	-
(119,592)	-	(119,592)	-
-	-	5,331	6,904
86,495	50,911	(254,915)	(318,009)
1,972,014	96,532	5,548,318	2,989,530
\$ 2,058,509	\$ 147,443	\$ 5,293,403	\$ 2,671,521
\$ (5,796,642)	\$ 174,002	\$ (7,280,853)	\$ (480,910)
150,886	-	150,886	-
(7,068)	-	(46,155)	-
1,280	(123,091)	1,112,829	-
-	-	-	155,997
\$ (5,651,544)	\$ 50,911	\$ (6,063,293)	\$ (324,913)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

June 30, 2011

	<u>Agency</u>
Assets:	
Cash	<u>\$        403,516</u>
Liabilities:	
Due to student organizations	<u>\$        403,516</u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1 - Summary of Significant Accounting Policies

The financial statements of Topeka Public Schools, Unified School District No. 501 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the District are described below.

Reporting Entity

Topeka Public Schools, Unified School District No. 501 is a municipal corporation governed by an elected seven-member board. In evaluating the District's financial reporting entity, management has considered all potential component units and has determined there are no component units over which the District is financially accountable. Financial accountability is based primarily on nonoperational or financial relationships with the District (as distinct from legal relationships). These financial statements include all the accounts for which the District is considered to be financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and agency funds even though the latter are excluded from the government-wide financial statements. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets. Under the modified accrual basis, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the reporting period. Expenditures are recorded when the related fund liability is incurred, except for debt service payments, claims and judgments, and compensated absences, which are recognized as expenditures only when a payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources and uses.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

*General Fund* which is used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.

*K-12 At-Risk Fund* which is used to account for revenues and expenditures related to the education and services for at-risk children within the District.

*Special Education Fund* which is used to account for the revenues and expenditures related to the education and services for special education within the District.

*Capital Outlay Fund* which is used to account for revenues that are primarily utilized for the acquisition, construction, repair and remodeling of the District's buildings.

*KPERS Fund* which is used to account for the revenues and expenditures related to contributions to KPERS, a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901.

The District reports the following major enterprise funds:

*Textbook/Study Material Revolving* which is established pursuant to state law to account for all monies received and expended attributable to the District's textbook and study material programs.

*Food Service* which is established pursuant to state law to account for all monies received and expended attributable to the District's breakfast and lunch programs.

Additionally, the District reports the following fund types:

*Internal Service Funds.* These funds account for prescription drug plans, dental insurance and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

*Agency Funds.* These funds account for monies held for student organizations.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds continue to follow Financial Accounting Standards Board (FASB) standards issued on or before December 1, 1989. However, from that date forward, proprietary funds have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards for proprietary funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to students for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted first, and then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Statement of Cash Flows

For the purposes of the statement of cash flows for the proprietary funds, cash and investments with an original maturity of three months or less are considered to be cash equivalents.



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Inventory

Inventory is valued at the lower of cost, using the first-in, first-out (FIFO) method, or market. The cost is recorded as an expenditure at the time individual inventory items are purchased rather than when consumed.

Capital Assets

Capital assets which include land, buildings, furniture, vehicles, fixtures, equipment and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. The District does not capitalize interest on the construction of capital assets.

The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are:

Buildings	50 years
Vehicles	15 years
Furniture	10 years
Equipment	10 years
Computers	6 years
Video and television equipment	6 years

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Compensated Absences

Under terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum of one and one-half years' vacation.

Employees are only compensated for unused sick leave upon death or retirement. The maximum amount of sick leave for which an employee may be compensated depends upon the individual's length of service but cannot exceed sixty days.

In the government-wide and proprietary financial statements, vacation leave is accrued when incurred and sick leave is accrued upon attaining eligibility for retirement. Liabilities for these amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Assets

The District's net assets are classified as follows:

Invested in capital assets, net of related debt – This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net assets – This includes resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Unrestricted net assets – This includes resources derived from charges for services, property taxes, state appropriations and interest. The resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the Board of Education to meet current expenses in accordance with approved budgets.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balance* – includes amounts that can be spent only be used for specific purposes determined by a formal action (resolution) of the District’s highest level of decision-making authority, the District’s Board. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

*Assigned fund balance* – comprised of amounts intended to be used by the District for specific purposes that are neither restricted or committed. Intent is expressed by (1) the District’s Board or (2) a body or official to which the District’s Board has delegated the authority to assign amounts to be used for specific purposes (General Director of Fiscal Services).

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Change in Accounting Principle

In previous years, the Supplemental General Fund, Inservice Education Fund, Summer School Fund, Pepsi Exclusivity Fund, Internal Service Reserve Fund, Sports Park Operations Fund, Payroll Liability Clearing Fund, Self-insurance Reserve Fund, Risk Management Reserve Fund, and Contingency Reserve Fund were classified as special revenue funds. With the implementation of GASB Statement No. 54 in 2011, it was determined that these funds no longer qualified as special revenue funds, and these funds were combined with the General Fund. The beginning balances of Other Governmental Funds and the General Fund have been adjusted on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At June 30, 2011, the Governmental Accounting Standards Board (GASB) had issued the following statements not yet implemented by the District:

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued in November 2010. The objective of this statement is to improve financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria and guidance for reporting component units as if they were part of the primary government (that is, blending). Additionally, this statement requires a primary government to report its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued in June 2011. The objective of this statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement are effective for periods beginning after December 15, 2011.

Prior Period Adjustment

Beginning net assets for governmental activities on the statement of net assets were restated to reflect revised estimated historical costs of capital assets. The effect of this restatement on the beginning balance was an increase of \$ 1,771,642 in governmental activities on the statement of net assets which resulted from net capital assets being increased by \$ 1,771,642. There was no effect on current or prior year revenue or expenditures as a result of this adjustment.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Budgetary Basis of Accounting

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District had a budget amendment in the Bilingual Education fund for the fiscal year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are usually evidenced by a purchase order or written contract.

The following governmental and proprietary funds have annual budgets that are legally adopted:

General	Adult Basic Education	Special Assessments
Supplemental General	Vocational Education	Inservice Education
Special Education	Adult Supplemental Education	Debt Service
Food Service	Capital Outlay	Parent Education

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Budgetary Basis of Accounting (Continued)

Vocational School	Special Liability	At-Risk (K-12)
Federal Grants	KPERS Special Retirement	At-Risk (4 year old)
No-Fund Warrants	Contribution	Summer School
Bilingual Education		

The following governmental and proprietary funds do not require a legally adopted annual budget:

Self-insurance Reserve	Capital Projects	State and Local Grants
Contingency Reserve	Pepsi Exclusivity	Prescription Drug Self-
Workers' Compensation	Sports Park Operations	Insurance
Dental Self-Insurance	Risk Management	Payroll Liability Clearing
All District Activity Funds	Textbook/Study Material	Internal Service Clearing
	Revolving	

The no-fund warrants fund had transfers in excess of budget of \$ 3,286 resulting from a transfer of remaining cash.

3 - Cash and Investments

*Credit risk.* Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool (MIP) and U.S. treasury bills and notes. The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is shown as cash and investments. In addition, certain cash and investments are separately held by some of the District's funds. At June 30, 2011 and throughout the year ended June 30, 2011, the District's cash and investments included certificates of deposit and the MIP. The MIP is overseen by the State of Kansas. The fair value of the District's position in the MIP is the same as the value of the pool shares. The credit rating for the pool at June 30, 2011 is AAf/S1+ (Standard & Poors). Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Cash and Investments (Continued)

*Custodial credit risk – deposits and investments.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes require that collateral pledged must have a fair market value equal to 100% of the deposits (less insured amounts) and investments must be assigned for the benefit of the District. At June 30, 2011, the District's deposits were not exposed to custodial credit risk.

*Interest rate risk.* Interest rate risk is the risk that changes in the interest rates may adversely affect the investment's fair value. The District does not have a policy to address interest rate risk.

As of June 30, 2011, maturities of the District's investments are as follows:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Municipal Investment Pool	\$ 41,801,759	\$ 41,801,759	\$ -	\$ -	\$ -

*Concentration of credit risk.* The District's investment policy does not place any limitations on the percentage of the District's total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds.



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Tax Revenue and Taxes Receivable

In accordance with Kansas statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. The district's property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the District. Property taxes are due in total by December 20 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

Assessed values are established by the Shawnee County appraiser's office. The assessed valuation at January 1, 2010 of the tangible, taxable property for purposes of local taxation was \$ 533,973,604 for the general fund and \$ 609,527,413 in total.

The tax levy per \$ 1,000 of the November 1, 2010 levy of tangible, taxable property levied for district taxation was as follows by fund:

General	\$ 20.000
Supplemental general	23.606
Capital outlay	4.753
Debt service	5.220
Adult education	0.301
Special liability	0.421
	<hr/>
	\$ 54.301
	<hr/>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities					
	Balance July 1, 2010				Balance June 30, 2011
	As Restated	Additions	Retirements	Transfers	
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,562,932	\$ -	\$ (11,469)	\$ -	\$ 5,551,463
Construction in progress	717,523	2,345,006	-	(1,073,427)	1,989,102
Total capital assets, not being depreciated	6,280,455	2,345,006	(11,469)	(1,073,427)	7,540,565
<u>Capital assets, being depreciated:</u>					
Buildings	156,312,776	2,695,815	(400,713)	1,073,427	159,681,305
Furniture, fixtures and equipment	20,099,594	712,496	(92,634)	-	20,719,456
Total capital assets, being depreciated	176,412,370	3,408,311	(493,347)	1,073,427	180,400,761
Less accumulated depreciation	(95,364,428)	(4,461,033)	100,920	-	(99,724,541)
Total capital assets, being depreciated, net	81,047,942	(1,052,722)	(392,427)	1,073,427	80,676,220
	<u>\$ 87,328,397</u>	<u>\$ 1,292,284</u>	<u>\$ (403,896)</u>	<u>\$ -</u>	<u>\$ 88,216,785</u>
Business-Type Activities					
	Balance July 1, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
<u>Capital assets, being depreciated:</u>					
Furniture, fixtures and equipment	\$ 3,011,881	\$ 119,592	\$ (2,666)	\$ -	\$ 3,128,807
Less accumulated depreciation	(1,730,389)	(150,886)	2,666	-	(1,878,609)
Total capital assets, being depreciated net	<u>\$ 1,281,492</u>	<u>\$ (31,294)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,198</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 3,413,263
Instructional support	15,699
School administration	156,086
Plant and maintenance	701,417
Central support services	174,568
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Total depreciation expense - governmental activities	\$ 4,461,033
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Business-type activities:

Food service	\$ 150,886
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Project authorizations compared with estimated completed costs from inception for projects open at year-end are as follows:

	Project Authorization	Expenditures to Date
	<hr/>	<hr/>
Projects in process:		
TWHS exterior lighting	\$ 236,000	\$ 178,529
Science and innovation park - platting and zoning	58,000	45,845
Lowman Hill boiler replacement	73,900	53,551
Ross boiler replacement	71,000	52,116
Replace window storefront	423,361	241,384
State Street/Chase classroom and gym	4,968,767	48,766
Ross/Eisenhower classroom	6,896,760	62,076
TWHS fire alarm system	102,871	50,284
Eisenhower boiler replacement	121,950	71,820
TWHS video surveillance system	274,761	274,761
TWHS video surveillance system	120,668	106,793
THS video surveillance system	512,352	441,264
THS video surveillance system	73,967	73,967
Ceiling and light projects at various schools	127,603	45,900
THS site lighting	206,554	87,100
McEacheron roof and sky lighting	263,629	154,946
	<hr/>	<hr/>
	\$ 14,532,143	\$ 1,989,102
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